



# Illinois Funds - Prime Fund (The)

## Principal Stability Fund Ratings Definitions

**AAAm** A fund rated 'AAAm' has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market and/or liquidity risks. 'AAAm' is the highest principal stability fund rating assigned by Standard & Poor's.

**AAm** A fund rated 'AAm' has very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market and/or liquidity risks.

**Am** A fund rated 'Am' has strong capacity to maintain principal stability but is somewhat more susceptible to principal losses due to adverse credit, market and/or liquidity risks than higher-rated funds.

**BBBm** A fund rated 'BBBm' has adequate capacity to maintain principal stability. However, adverse market conditions and/or higher levels of redemption activity are more likely to lead to a weakened capacity to limit exposure to principal loss as a result of higher exposure to credit, market and/or liquidity risks.

**BBm** A fund rated 'BBm' has uncertain capacity to maintain principal stability and is vulnerable to principal losses resulting from its exposures to credit, market and/or liquidity risks.

**Dm** A fund rated 'Dm' has failed to maintain principal stability resulting in a realized or unrealized loss of principal.

**G** The letter 'G' follows the rating symbol when a fund's portfolio consists primarily of direct U.S. government securities.

**Plus (+) or Minus (-)**  
The ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

## About the Fund

Fund Rating	<b>AAAm</b>
Fund Type	Stable NAV Government Investment Pool
Investment Adviser	Office of the Treasurer (Portfolio Management Division)
Portfolio Manager	Mark Polistina (Since 2002)
Date Rating Assigned	October 2000
Custodian	U.S. Bank
Distributor	Illinois State Treasury

## Fund Highlights

- Serving public entities in Illinois for over 7 years.
- Invests in very liquid, high quality, short-term investments.

## Rationale

The Illinois Funds, Prime Fund is rated 'AAAm' by Standard & Poor's. The rating is based on Standard & Poor's analysis of the pool's credit quality, market price exposure and management. The rating signifies an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

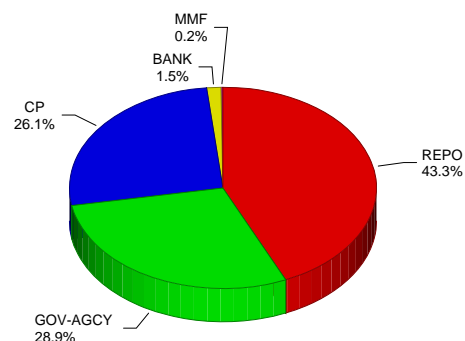
## Overview

The Illinois Funds, Prime Fund was created and funded on October 10, 2000, to further diversify investment opportunities and provide an enhanced return for all Illinois public investors. The Prime Fund operates under The Illinois Funds, which were developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the State Treasurer. The purpose of The Illinois Funds is to provide public treasurers within the state of Illinois an alternative investment vehicle that enables the treasurers to earn a competitive rate of return. Any custodian of public funds in Illinois qualifies for participation in the fund. Safety of principal is the foremost investment objective of the Prime Fund: the fund will invest in a manner that seeks to preserve the capital in the portfolio. The Prime Fund will require of participants a minimum deposit period of 30 days and a seven day redemption notice period.

## Management

The investment management duties for The Illinois Funds are assumed by The Portfolio Management Division of The Office of the Treasurer. Mark A. Polistina is the portfolio manager. The director of The Illinois Funds is Randal Coffey who reports

## Portfolio Composition as of March 28, 2008



REPO - Repurchase Agreement; GOV-AGCY - Agency and Government; CP - Commercial Paper; BANK - Bank Deposits; MMF - Money Market Fund

directly to the Chief Fiscal Officer, Ed Buckles, who in turn reports directly to the Chief of Staff, Robin Kelly, who reports to the State Treasurer, Alexi Giannoulas. The Investment Policy Committee is comprised of the Treasurer, Chief of Staff, Deputy Treasurer, Deputy Treasurer-CFO, Portfolio Manager, Manager of Banking, Chief Legal Counsel, Supervisor of Policy and Cash Management Officer. US Bank provides the pool with administrative, and distribution services.

## Portfolio Assets

The Illinois Funds, Prime Fund invests in U.S. Treasury securities, U.S. Agency securities, Time Deposits, Repurchase Agreements backed by such securities and Money Market Funds rated 'AAAm' by Standard & Poor's. In addition, investments include Commercial Paper rated in one of the two highest rating categories by Standard & Poor's, with a maximum final maturity of 180 days, and will not comprise any asset-backed structures. The maximum weighted average maturity (WAM) of pool assets will be limited to 60 days or less.

Peter Rizzo - (1) 212-438-5059

*Investors should consider the investment objectives, risks and charges and expenses of the fund before investing. The prospectus which can be obtained from your broker-dealer, contains this and other information about the fund and should be read carefully before investing. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

**Principal Stability Rating Approach and Criteria**

Principal Stability Fund Rating, also known as a Money Market Rating, is a current opinion of a fund's capacity to maintain stable principal or net asset value. When assigning a Principal Stability rating to a fund, Standard & Poor's focuses on the creditworthiness of a fund's investments and counterparties, the market price exposure of its investments, sufficiency of the fund's portfolio liquidity, and management's ability and policies to maintain the fund's stable net asset value by limiting exposure to loss. A money market fund rating evaluates:

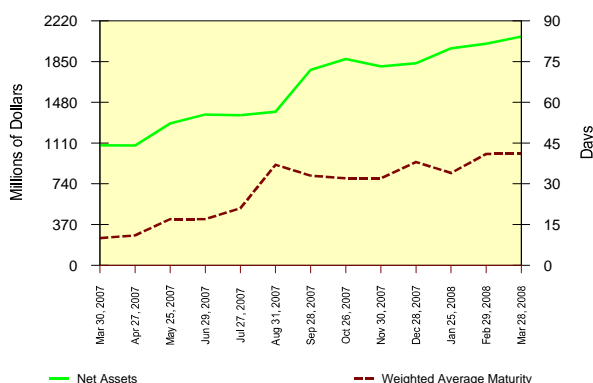
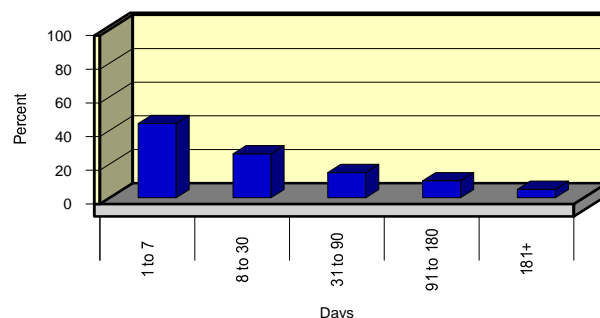
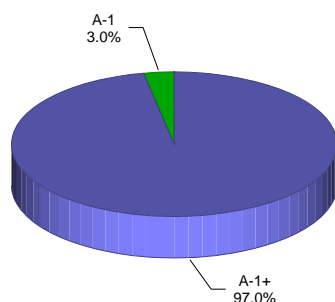
**Credit risk:** credit quality, types, and diversity of portfolio investment;

**Market price exposure:** degree of liquidity of investments, distribution and average length of maturities, and volatility of portfolio cash flows;

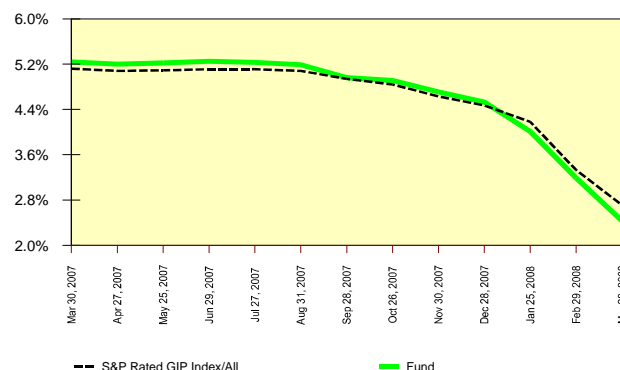
**Management:** philosophy, operating policies and procedures.

**Data Bank as of March 28, 2008**

Net Asset Value per Share.....\$1.00	Net Assets (millions).....	\$2,076.50	Inception Date.....	October 2000
Weighted Average Maturity....41 days	7 Day Yield.....	2.43%		

**Net Assets and Weighted Average Maturity (WAM)****Portfolio Maturity Distribution as of March 28, 2008****Portfolio Credit Quality as of March 28, 2008 \***

\*As assessed by Standard & Poor's

**Portfolio 7 Day Yield Comparison \***

\*S&P Money Fund Indices are calculated weekly by iMoneyNet, Inc., and are comprised of funds rated or assessed by S&P to within the specific rating categories. The S&P Rated GIP Indices are calculated weekly by S&P and are comprised of 'AAAm' and 'AAm' government investment pools.

The yield quoted represents past performance. Past performance does not guarantee future results. Current yield may be lower or higher than the yield quoted. Performance data current to the most recent month-end may be available by calling the Fund at the phone number listed in the "About the Fund" section on page 1.

Fund portfolios are monitored weekly for developments that could cause changes in the ratings. Rating decisions are based on periodic meetings with senior fund executives and public information.

The Principal Stability Fund Rating for this fund issued by Standard & Poor's can be found in the 'About the Fund' section on page 1. The rating is current as of the date of this profile report. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same rating or perform in the future as rated. Not all money market funds have principal stability fund ratings and those that do may have paid for them. The fact that a fund has a rating is not an indication that it is more or less risky or volatile than a fund that does not. The fund or a third party participating in the marketing of fund shares paid Standard & Poor's for this rating. Standard & Poor's receives no payment for disseminating ratings, except for subscriptions to its publications.

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